



BROADCAST CAPITAL FUND, INC.

John E. Oxendine
President

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Office of the Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

**Re: Broadcast Capital Fund, Inc. Comments in Support of FCC
Notice of Proposed Rulemaking Initiatives to Facilitate
Minority and Female Ownership of Mass Media Facilities
MM Docket: 94-149**

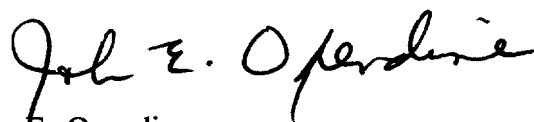
Dear Sir:

Enclosed for filing are the original and nine copies of the Comments of Broadcast Capital Fund, Inc. in support of the above referenced docket.

The comments are submitted pursuant to the instructions in the Notice of Proposed Rulemaking (FCC 94-323). Sufficient copies have been filed and we request that a copy be provided to each of the Commissioners.

Thank you for your assistance in this matter.

Respectfully submitted,


John E. Oxendine

Attachments

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List A B C D E

**Before The
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of:

Policies and Rules)	
Regarding Ownership of)	MM Docket 94-149
Mass Media Facilities)	

**COMMENTS OF BROADCAST CAPITAL FUND, INC.
IN SUPPORT OF THE FCC NOTICE OF PROPOSED RULEMAKING**

Broadcast Capital Fund, Inc. (BROADCASTCAP) commends the Federal Communications Commission (FCC) for taking bold, new steps to review and revise current policies to foster new ideas facilitating minority and female ownership of mass media facilities.

I. INTRODUCTION

In this proceeding, we will limit our comments to the incubator program concept and the attribution rules.

BROADCASTCAP is a specialized financial company which uses sophisticated strategic planning and financial creativity in seeking solutions to increased minority ownership in the broadcasting industry. Through its wholly-owned subsidiary, Broadcast Capital, Inc., a 301(d) licensee, Minority Enterprise Small Business Investment Company (MESBIC), of the Small Business Administration, BROADCASTCAP meets the challenge of increased minority ownership.

BROADCASTCAP uses its financial resources to:

- assist minorities in the acquisition and operation of broadcast properties; and
- to fund its minority broadcast-related education and management development programs.

BROADCASTCAP structures its financing to join with the entrepreneur's resources and available capital from conventional sources to achieve sound business investments.

II. PROPOSED INITIATIVES TO INCREASE ACCESS TO CAPITAL

A strong practical incubator program which furthers minority ownership could be directly linked to a relaxation of the attribution rules. Broadcasters could partner in an effective, measurable way with minority broadcasters by providing loan guarantees, loans or equity, management and technical assistance, training and business planning, in exchange for requests for relief from the attribution restrictions.

A. Incubator Programs

In order to qualify for the benefits derived from participating in the incubator program, broadcasters could be required to submit a detailed plan describing how it would effectively promote minority ownership through its shared talents, experiences and resources.

Examples of Incubator Program Concepts for FCC consideration could include:

1. Minority Controlled Limited Liability Companies (LLC)

The formation of a minority controlled Limited Liability Company (LLC) would allow non-attributable status for the companies that are passive members of the LLC. The FCC should set its own standards as to: (a) what constitutes control (i.e., the company should be deemed minority controlled if minority groups have at least 51 percent of the voting stock); (b) the FCC should determine what constitutes significant equity investment (i.e., minority groups would have at least a 20 percent equity investment, but not less than 15 percent and the equity investment could decrease as the number of investments in the entity increased. For example, minority-controlled LLCs might have an initial capitalization of \$1 million, representing 20 percent of the equity; however, as the group grew, it should not be held to the 20 percent figure because the minority would probably not be able to match the financing power of the "majority" investor on a pro rata basis); (c) the FCC should also set its own standards as to what constitutes approval rights authority for the non-minority

2. BROADCASTAP Training Initiative

Broadcast Capital Fund, Inc. (BROADCASTAP), which was formed to train and fund minority entrepreneurs, has had extensive "real world" experience with programs for minorities. We have conducted joint training programs with the National Association of Broadcasters, the Federal Communications Commission and the National Telecommunications and Information Administration of the Department of Commerce, and have received several training grants from the Minority Business Development Agency. We have also participated in training programs promoted by the Minority Telecommunications Development Program at the Department of Commerce. John Oxendine, as President of BROADCASTAP, has served for approximately two years on the FCC's Small Business Advisory Committee. This committee explored ways in which the FCC could promote greater participation by minorities, women and small businesses in the telecommunications field. In many ways, BROADCASTAP serves as a working model for possible incubator programs and other initiatives suggested by the FCC staff. In the future, BROADCASTAP would be pleased to work with the FCC in formulating and implementing an incubator program just as we have worked with NTIA, the MBDA, and the NAB in the past on joint public/private sector initiatives.

B. Strategic Partnership Programs

Majority broadcasters could be allowed waivers and relaxation of the attribution rules based on an effective strategic partnership with minority entrepreneurs.

1. Interim Funding

Majority broadcasters could provide interim funding, loan guarantees or letters of intent to allow minority broadcasters to structure purchase agreements that could then be funded on a permanent basis once the financial institutions were able to scrutinize the agreement and deem it a "money-good" deal.

2. Direct Financing

A majority broadcaster could provide direct financing to a minority-controlled, broadcast company or entrepreneur in exchange for waiver of the attribution rules.

To further develop minority entrepreneurs, a minority training program could be devised by the broadcast industry.

Majority broadcasters could be allowed waivers and relaxation of the attribution rules, based on effective strategic partnership with minority entrepreneurs.

3. Non-Attributable Interest

Indirect investments could be made to minority entrepreneurs through contributions made to funds like BROADCASTAP. BROADCASTAP provides funding as well as management and technical assistance to minorities who either purchase or build broadcast properties.

C. Broadcast Ownership Mentoring Program

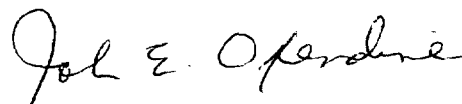
A minority-oriented mentoring program could be devised by the broadcast industry, perhaps with the support of the NAB, that would provide training in station management based on a real curriculum. A certificate of completion would be issued to minority broadcasters to be further evidence of the ability to own and operate the broadcast facility.

Private sector companies, such as BROADCASTAP, could be motivated to:

- (a) serve as a clearinghouse for developing practical training programs;
- (b) identify minorities with resources and capabilities to be owners, based on our fifteen-year history of supporting minority ownership and training; and
- (c) create an additional fund targeted specifically for the "new entrepreneur" supported by the broadcasters in particular and media companies, in general.

Financial institutions could find ways to participate in a comprehensive institutional way by providing capital through the Community Reinvestment Act, for example. The structure for the Incubator Concept Program, Strategic Partnership Program and Mentoring Program would involve broadcasters, minority groups and bankers at the onset, in order to structure a policy that is meaningful.

Respectfully submitted,



John E. Oxendine
President